REMARKS

Claims 6-12, 17-23 and 25 are pending. By this Amendment, claims 6, 17 and 25 are amended. Reconsideration is respectfully requested in view of the following remarks.

I. The Specification Satisfies Formal Matters

The Office Action objects to the Title of the invention as not being descriptive. The Title has been amended. Accordingly, withdrawal of the objection to the Title is respectfully requested.

II. The Claims Define Patentable Subject Matter

Claims 6-7, 9-12, 17-18, 20-23 and 25 are rejected under 35 U.S.C. §102(b) over Krounbi (U.S. Patent No. 4,939,837); and claims 8 and 19 are rejected under 35 U.S.C. §103(a) over Krounbi in view of Simon (U.S. Patent No. 3,787,964). The rejections are respectfully traversed.

Neither Krounbi nor Simon, individually or in combination, discloses or suggests forming an unpatterned soft magnetic layer on the magnetoresistive element, forming a mask for patterning the unpatterned soft magnetic layer on the unpatterned soft magnetic layer, and forming the patterned soft magnetic layer by selectively etching the unpatterned soft magnetic layer through the use of the mask, wherein the mask is formed by aligning with respect to the position of the indicator while observing the indicator, so that the mask is located above the magnetoresistive element and not above the indicator, in the step of forming the mask, as recited in independent claim 6, and similarly recited in independent claim 17.

Further, neither Krounbi nor Simon, individually or in combination, discloses or suggests forming an unpatterned thin film on the first patterned thin film, forming a mask for patterning the unpatterned thin film on the unpatterned thin film, and forming the second patterned thin film by selectively etching the unpatterned thin film through the use of the mask, wherein the mask is formed by aligning with respect to the position of the indicator while

observing the indicator, so that the mask is located above the first patterned thin film and not above the indicator, in the step of forming the mask, as recited in independent claim 25.

The Office Action equates the indicator of the claimed invention with the right MR sensor 20 in Fig. 4 of Krounbi. Further, the Office Action equates a soft magnetic layer or the second patterned thin film of the claimed invention with the magnetic shield layer 28 in Fig. 6 of Krounbi. The Office Action further asserts that the indicator 20 can be observed while forming the soft magnetic layer 28 to the extent that the soft magnetic layer 28 is formed directly over the indicator 20. However, if the soft magnetic layer 28 of Krounbi is to be patterned using a mask, the mask will be necessarily located above the indicator 20, and as a result, the indicator 20 will be hidden behind the mask. This makes it impossible to align the mask with respect to the indicator 20.

Accordingly, Krounbi does not disclose or suggest the mask is formed by aligning with respect to the position of the indicator while observing the indicator, so that the mask is located above the magnetoresistive element and not above the indicator, as recited in independent claims 6 and 17. Further, Krounbi does not disclose or suggest the mask is formed by aligning with respect to the position of the indicator while observing the indicator, so that the mask is located above the first patterned thin film and not above the indicator, as recited in independent claim 25.

Simon does not compensate for the above-noted deficiencies of Krounbi. Simon discloses at col. 5, lines 6-10 that a plurality of thin-film transformers are simultaneously deposited on each wafer shaped substrate. The deposition of the successive thin-film layers is automated whereby vast quantities of magnetic heads are simultaneously produced.

However, Simon does not disclose or suggest the above-noted features of independent claims 6, 17 and 25.

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Accordingly, independent claims 6, 17 and 25 define patentable subject matter. Claims

7-12 and 18-23 depend on the respective independent claims, and therefore also define

patentable subject matter. Accordingly, withdrawal of the rejection under 35 U.S.C. §102(b)

and 35 U.S.C. §103(a) is respectfully requested.

Ш. **Conclusion**

In view of the foregoing amendments and remarks, this application is in condition for

allowance. Favorable reconsideration and prompt allowance of claims 6-12, 17-23 and 25 are

earnestly solicited.

Should the Examiner believe that anything further would be desirable in order to place

this application in even better condition for allowance, the Examiner is invited to contact the

undersigned at the telephone number set forth below.

Respectfully submitted,

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